

City of Allentown, PA
Brownfields Cleanup Revolving Loan Fund Program
(BCRLFP)

Cooperative Agreement Workplan

Prepared for the
United States Environmental Protection Agency
Region 3

Prepared by
City of Allentown
Department of Community and Economic Development
Office of Economic Development

September 30, 2003

Cooperative Agreement Recipient:

Sodi Romo
Signature

9/15/03
Date

Recipient Brownfields Coordinator/Contact:

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I. INTRODUCTION

Allentown is a "mature city" meaning it is almost completely build out and has a fully developed infrastructure. As such, it is a city where outward growth and the costly extension of services to accommodate new growth are not issues. Rather, Allentown's primary challenge is to achieve and maintain the most efficient use of the existing systems, facilities, and resources.

Private and public constituencies in Allentown have joined together to make brownfields redevelopment a high priority. However, local support to update our inventory, perform assessments and conduct educational outreach is not sufficient to solve the brownfields enigma. Specific local experience confirms that there is a substantial shortfall in private sector financing for brownfields, especially for purchasers or owners of smaller sites who need to conduct remedial activities. The BCRLF can make up that shortfall by providing a low-interest remediation loan program that will encourage adaptive re-use strategies for land and buildings.

The goals of the Allentown BCRLF program include:

- Incorporate the revolving loan fund into the list of financial incentives for brownfields redevelopment;
- Provide access to low interest loans to eligible parties in order to remediate brownfields sites located within Allentown;
- Develop a self-sustaining revolving loan fund program to provide funding for brownfields cleanup projects; and
- Address environmental justice issues by focusing lending activities in areas where brownfields are contributing to neighborhood decline, and high crime rate areas.

The following objectives of the initiative include, but are not limited to, the following:

- Update data and information for sites identified as potential redevelopment prospects;
- Update and maintain a geographic information system (GIS) to assist potential brownfields developers;
- Provide technical assistance;
- Conduct community outreach initiatives to educate stakeholders about the issues regarding brownfields and to keep them up-to-date on the progress program;
- Provide funding for selected remediation activities;
- Develop public/private partnerships to facilitate redevelopment activities;
- Revitalize underutilized properties while protecting the environment;
- Create viable development that results in efficient use of infrastructure and resources while discouraging sprawl;
- Revitalize the tax base while providing family sustaining jobs; and
- Promote the preservation of green space.

II. INSTITUTIONAL STRUCTURE

A. Cooperative Agreement Recipient/Lead Agency

The City of Allentown, Department of Community and Economic Development will be the Lead Agency and the recipient of the Cooperative Agreement. An organization chart of the Department of Community and Economic Development is attached. See Attachment A.

The City of Allentown has been working in partnership in support of a regional brownfields initiative. Lehigh Valley Economic Development Corporation is administering an EPA Assessment Pilot and a BCRLF for both Lehigh and Northampton Counties. However, Allentown is home to greater than 80% of all the brownfields within the Lehigh Valley region. Therefore, The City of Allentown BCRLF will focus on environmental cleanup and brownfield development issues within Allentown's city limits. It is anticipated that the City of Allentown BCRLF will draw from the expertise of the regional initiative comprised of municipal, City, state agencies, federal agency, utility, and local business and community leaders.

There are no past or pending legal actions against The City of Allentown related to financial and/or environment matters, and it is eligible to receive Federal funding.

B. Fund Manager

The City of Allentown has extensive experience administering loan funds and federal and state grants. As a Community Development Block Grant Program (CDBG) entitlement community and a recipient of Home Investment Partnership funds, The City of Allentown possesses the experience in managing loan funds as well as the legal and record-keeping skills necessary to properly evaluate potential borrowers, structure loan agreements, make collateral arrangements and develop repayment instruments. The City of Allentown maintains a staff with the appropriate financial skills to ensure that the funds are properly disbursed and accounted for.

As part of its responsibility to manage the EPA grant program, City of Allentown has staff that are properly trained and experienced in evaluating grant/loan recipients. They will review the technical and financial merits of a grant and/or loan request and make recommendations for disbursement. They work closely with municipal officials to ensure local interest is considered as part of the review process for a proposed project. The Fund manager will be the Real Estate Development Specialist.

C. Site Manager

The Site Manager for the City's BCRLF will be the Real Estate Development Specialist. The Real Estate Development Specialist is part of the Department of Community and Economic Development. The Real Estate Development Specialist has experience in managing and providing oversight on many large scale residential and commercial development projects that include a site clean-up component as part of the development process.

In order to fulfill many of the more technical requirements of the Site Manager position, a contract with a qualified environmental consulting firm will be executed to provide technical assistance. The environmental consulting firm will be familiar with the required Site Manager

duties as stated by the NCP and the requirements of conducting Non-Time Critical Removal Actions under CERCLA.

III. Memoranda of Agreement (MOAs) and Contractual Services

The City of Allentown acting as the lead agency will enlist the services of a qualified entity that possesses expertise in conducting and overseeing the technical environmental responses in accordance with all applicable Federal and State requirements. These services will be contracted out in accordance with 40 CFR part 31.36.

The City of Allentown has experience managing loan funds and tracking and reporting fund expenditures. The City of Allentown routinely works with engineering and law firms that possess expertise in environmental engineering (e.g., site investigation and cleanup) and law (e.g., CERCLA matters). City of Allentown also has a close working relationship with LVEDC and other non-profit organizations that have expertise with managing grants and loan funds. Through an appropriate procurement process City of Allentown may contract with qualified organizations to provide the necessary legal, engineering, and fund management services.

IV. Project Approach

- | | |
|--------|-------------------------------------|
| Task 1 | Launch/Establish Program |
| Task 2 | Implement Program Marketing |
| Task 3 | Accept and Process Applications |
| Task 4 | Develop Plan for Cleanup |
| Task 5 | Site Specific Community Involvement |
| Task 6 | Issue Loans and Grants |
| Task 7 | Monitoring/Collection Function |
| Task 8 | Oversee Site Cleanup |
| Task 9 | Closeout Reports to EPA |

V. Budget Summary

Personnel	\$ 150,000
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50% of Real Estate Development Specialist time dedicated to the program implementation.

Fringe Benefits	\$ 49,500
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33% of Real Estate Development Specialist salary dedicated to program implementation. Items associated with benefits are insurance (health, life, short/long term, etc), FICA, Pension, work's compensation, unemployment compensation and Medicare.

Travel **\$ 10,000**

Annual out-of-state conference for brownfields training. Registration, traveling expenses, lodging and meals (per diem \$45). Site visits for funded projects and routine meetings with USEPA in Philadelphia.

Supplies **\$ 10,500**

Postage and shipping, printing needs (brochures, booklets, pamphlets, etc.), paper, pencils, ink toner, safety equipment.

Contractual **\$ 80,000**

Legal review and loan servicing	\$15,000
Technical environment consultant	\$60,000

Other **\$ 705,000**

Development of marketing materials	\$5,000
Grant funds	\$300,000
Loan Funds	\$400,000

TOTAL BUDGET **\$1,200,000**

VI. Loan/Subgrant Program Development and Administration

A. Fund Operation and Administration Plan

1) Loan/Grant

a) Loan/Grant application, review, and selection process

The potential borrower/subgrant will be required to provide a written description of the project that must include a legal address of the site and the intended end use. Information on any known environmental conditions will need to be provided and the proposed cleanup approach that will be used to address those conditions identified.

The fund manager will establish the loan screening criteria with input from representatives from various economic development organizations and banks currently participating with the regional brownfields initiative. However, it is anticipated that in order for a project to qualify for consideration for a loan/grant, the project will have to be eligible to proceed through the State's voluntary cleanup program (Act 2). In addition, depending upon the number of applications received, priority

will be given to sites that have or are participating in the EPA Assessment Pilot program.

Funds will be used to develop work plans, complete engineering evaluations and conduct cleanup activities in accordance with federal regulations and state voluntary cleanup program requirements. Cleanup expenses may include the procurement of environmental insurance to protect both the buyer and the seller and/or conducting environmental monitoring during the completion of site cleanup activities. In addition, beneficial environmental and economic development impacts on the surrounding area, such as what the likelihood is that completion of a particular project will spur additional redevelopment and investment in the area, will be factored into the loan decision. Economic justice issues will be considered as well.

b) Loan terms – loan amounts, interest rates, and duration of loans and/or how they will be set.

The City of Allentown expects to provide loans in amounts ranging from \$100,000 to \$200,000 with the term of the loan and interest rates to be established at the time the loan is disbursed. The interest on the loans will be below the prevailing market rate, accompanied by origination fees that will range from 0-2%, in order to create a demand for the fund. Precise rates will be determined on a case by case basis depending on need. The loans will run for a period of approximately 2-10 years.

c) Loan/Grant Administration – loan monitoring process, loan defaults process.

The fund manager will track disbursement activity, borrower profiles, loan periods, repayment schedules and ability to reuse funds for new projects.

2) Disbursement of Funds – schedule and method for obligating and disbursing loans.

Assuming that a request has been made by an eligible cleanup project, lending will begin as soon as the EPA makes the funds available. This initial round of lending will continue until all funds are disbursed. The goal is to close the first round of lending within three years.

Funds will be disbursed based upon the nature and progress of the cleanup project being funded and will be handled as expeditiously as possible. Ten percent of the total loan amount will be retained until the cleanup project has been completed to the satisfaction of the site manager and the lead agency.

B. Marketing Plan

Through its working partnership with LVEDC, City of Allentown plans to market the BCRLF through local and regional media outlets including: newspapers, direct mail and brochure distribution. In addition, the BCRLF can be placed on The City of Allentown's website. Information will be sent to area banks, economic development agencies, neighborhood associations and property and business owners who are involved and/or concerned about brownfield properties. The Department of Community and Economic Development (DCED) will make a public presentation at a scheduled Economic Development Committee meeting of City Council. This will allow DCED to obtain additional input and comments from the public. The City of Allentown will make use of the Pennsylvania State database of small, minority and women's businesses and will notify them as to the availability of the BCRLF.

VII. Requirements for Cleanups Performed Using EPA Brownfield Funding

The City of Allentown, with assistance from the site manager, will ensure that BCRLF activities will be in compliance with:

- The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA");
- The National Oil and Hazardous Substances Pollution Contingency Plan ("NCP") at 40 CFR Part 300;
- Cooperative Agreement requirements for Superfund Response Actions at 40CFR Part 35, Subpart 0; and
- The BCRLF Administrative Manual.

The City of Allentown, with assistance from the site manager, will determine whether a BCRLF response is authorized and document the following findings in a signed memorandum:

- a. There is a release or a substantial threat of release per CERCLA §104 (a) (1);
- b. The nature of the release is such that it satisfies the exclusionary characteristics of CERCLA §104 (a)(3) and (4);
- c. A removal action is appropriate because there is a threat to public health or welfare or the environment per the NCP at 40 CFR §300.415(b)(1). In making this determination, The City of Allentown of Lehigh must consider the factors found in the NCP at 40 CFR §300.415(b)(2);
- d. Sufficient time is available to plan and select a BCRLF response and to implement the community relations and public involvement activities before the cleanup begins; and
- e. Cleanup of the site will contribute to brownfields revitalization.

The City of Allentown will also prepare and/or review, comment and approve an Engineering Evaluation/Cost Analysis ("EE/CA") ensuring that an appropriate BCRLF response action is selected per the NCP at 40 CFR §300.415(b)(4)(I). The City of Allentown shall also ensure that Community Relations and Public Involvement activities will meet the requirements of 40 CFR

§300.415(n) and that the final selection of a response for each site is documented in and Action Memorandum.

The City of Allentown, with the assistance of the site manager, shall ensure that the following requirements are met before the start of the response action:

- a. Sampling and Analysis Plan ("SAP") – The City of Allentown must submit a SAP if sampling will take place. EPA must approve the plan per 40 CFR §300.415 (b) (4)(ii). The SAP shall contain a Field Sampling Plan ("FSP") and a Quality Assurance Project Plan ("QAPP");
- b. BCRLF response actions that may be taken – Only removal actions, as defined in CERCLA §101(23), are authorized. Removal actions are limited to 12 months duration (40 CFR §300.415(b)(5));
- c. Requirements of other laws – Response actions must meet applicable or relevant and appropriate requirements (ARARs) of environmental laws (40CFR §300.415 (j)); and
- d. Post-BCRLF response site control – The City of Allentown of Lehigh must review borrowers proposed response action to assess whether post-response site controls will be necessary to ensure the effectiveness and integrity of the response per 40 CFR §300.415(I).

Working with the site manager, The City of Allentown shall also comply with the following requirements:

- a. Ensure that the site is secure and poses no immediate threat if the response action will not fully address threats or if the borrower is unable or unwilling to complete the response;
- b. Notify and coordinate with natural resource trustees and consult with NOAA or DOI if endangered species are affected (40CFR §300.135(j) and (k));
- c. Address worker health and safety via a site-specific health and safety plan which complies with 29 CFR §1910.120. (40CFR §300.150); and
- d. Notify the appropriate officer of out-of-state transfer of CERCLA wasters per (40 CFR §35.6205 (C)).

Final documentation and closeout of BCRLF responses will be completed by The City of Allentown, with the assistance of the site manager. These reports must comply with 40 CFR §300.165(b).

The City of Allentown will also ensure that a complete Administrative Record and information repository is prepared and maintained per 40 CFR §300.800 and §300.820.

VIII. Community Involvement Plan

The brownfields initiative administered by The City of Allentown plans to put together a speaker's bureau to speak at public meetings, forums, service clubs and schools. The City of Allentown also intends to present additional educational opportunities to the public, realtors, bankers and additional members of the private sector.

Once project sites have been identified, a more detailed description of the Community Involvement Plan will be developed. The Community Involvement Plan will be adjusted depending on project sites. As stated above in the Section I – Introduction, the greatest number of brownfields sites are located within our minority communities where English is a second language. In addition, cultural understanding will determine the most effective methods of communication.

The Community Involvement Plan will include:

- Site-specific community relations plans;
- Recording of all communication and relevant cleanup planning documents available to the public;
- Open forums for the public to express comments on any proposed cleanup activity
- Response forum from public and private officials.

IX. Schedule

See Attachment

X. Reporting

The City of Allentown shall submit quarterly progress reports to EPA by the end of each federal fiscal quarter (i.e. December, March, June, and September). Quarterly Reports shall include the following information:

- An explanation of the work accomplished during the reporting period, including a status report on each task identified in the Workplan and the status of each project assisted.
- An explanation of delays, or other problems, if any, and a description of the corrective measures that are planned.
- A budget recap summary which includes the current approved budget, costs incurred this quarter, costs incurred to date, and total remaining funds. Include an explanation of any significant discrepancies;
- An estimate of the time and funds needed to complete the work required in the Cooperative Agreement, a comparison of that estimate to the time and funds remaining, and a justification for any increase;
- A comparison of the percentage of the project completed to the project schedule, and an explanation of significant discrepancies;

The US EPA may require additional reporting items as necessary and appropriate to ensure cleanups are carried out in accordance with CERCLA and consistent with the NCP. The reporting items delineated may change as specified by EPA.

XI. Reference Documents

The following documents are attached to this workplan and incorporated herein. The City of Allentown shall satisfy the requirements specified in Appendix I.

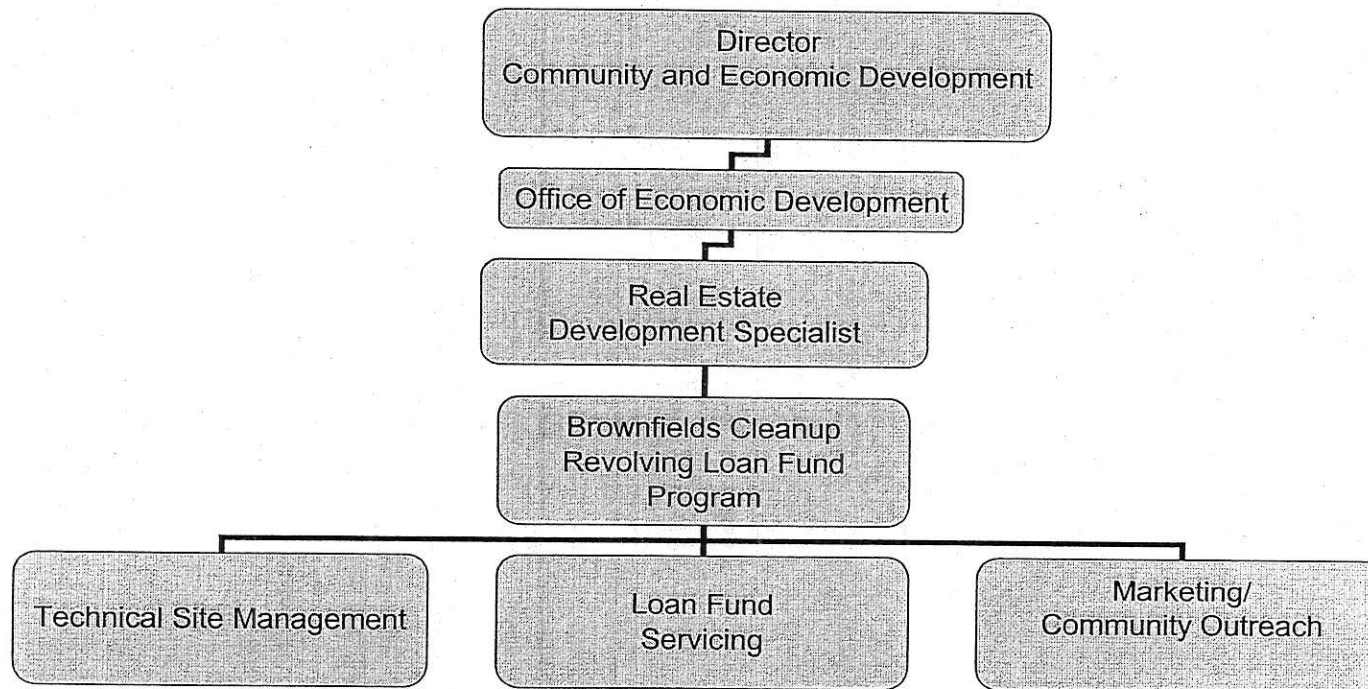
Attachment A – Organizational Chart
Attachment B – Brownfields Revolving Loan Fund Budget
Attachment C – Task Schedule

Appendix

Appendix I – Region 3 BCRLF Terms and Conditions

- Attachment (A) -

Brownfields Cleanup Revolving Loan Fund Organizational Chart



- Attachment (B) -

Project Tasks for Loans										
Budget Categories (programmatic costs only)	Task 1 Yr1 Launch/ Establish Program	Task 2 Yr1 Implement Program Marketing	Task 3 Yr2 Accept/ Process Applications	Task 4 Yr2 Develop Plan for Cleanup	Task 5 Yr3 Site Specific Community Involvement	Task 6 Yr3 Issue Loans and Grants	Task 7 Yr4 Monitoring/ Collection Function	Task 8 Yr4 Oversee Site Cleanup	Task 9 Yr5 Closeout Reports to EPA	Total
Personnel/Fringe Benefits	\$14,663	\$14,663	\$14,663	\$14,663	\$14,663	\$14,663	\$14,663	\$14,663	\$29,327	\$146,631
Travel	735	735	735	735	735	735	735	735	1,470	\$7,350
Equipment	0	0	0	0	0	0	0	0	0	\$0
Supplies	772	772	772	772	772	772	772	772	1,543	\$7,719
Contractual:										\$0
Environmental Consultant				14,000				30,100		\$44,100
Legal						11,025				\$11,025
Other:										\$0
Marketing		1,225	612	613	1,225					\$3,675
Loan Capitalization	0	0	0	0	0	400,000	0	0	0	\$400,000
Subtotal:	\$16,170	\$17,395	\$16,782	\$30,783	\$17,395	\$427,195	\$16,170	\$46,270	\$32,340	\$620,500
Project Tasks for Sub Grants										
Budget Categories (programmatic costs only)										
Personnel/Fringe Benefits	\$5,287	\$5,287	\$5,287	\$5,287	\$5,287	\$5,287	\$5,287	\$5,287	\$10,573	\$52,869
Travel	265	265	265	265	265	265	265	265	530	\$2,650
Equipment	0	0	0	0	0	0	0	0	0	\$0
Supplies	278	278	278	278	278	278	278	278	557	\$2,781
Contractual:										\$0
Environmental Consultant				7,900				8,000		\$15,900
Legal						3,975				\$3,975
Other:										\$0
Marketing		442	221	220	442					\$1,325
Grant(s)	0	0	0	0	0	300,000	0	0	0	\$300,000
Subtotal:	\$5,830	\$6,272	\$6,051	\$13,950	\$6,272	\$309,805	\$5,830	\$13,830	\$11,660	\$379,500
Total - EPA BRLE										\$1,000,000
Cost Share										
City Admin						66,712				\$66,712
City Loan Funds						133,288				\$133,288
Subtotal:						\$200,000				\$200,000
Total - Program Funds										\$1,200,000

\$199,500
 10000
 10500
 \$60,000
 \$15,000
 \$5,000

Attachment

5 YEAR PROGRAM BUDGET

<i>Item</i>	<i>Federal</i>	<i>Non-Federal</i>	<i>TOTAL</i>	<i>Description</i>
Personnel	150,000	0	150,000	Staff Salary
Fringe Benefits	49,500	0	49,500	Staff Benefits
Travel	10,000	0	10,000	Training/local travel
Equipment	0	0	0	
Supplies	10,500	0	10,500	Consumables i.e. paper, postage, etc
Contractual	80,000	0	80,000	Environmental, legal, marketing
Construction	0	0	0	
Other (Loans/Grants)	700,000	200,000	900,000	Loans and Sub grants
Total Direct Charges	\$1,000,000	\$200,000	\$1,200,000	

Budget Assumptions:

Total Funds	\$1,200,000	100% of program	
	\$720,000	60% of funds for loans and programmatic expenses	
	\$480,000	40% of funds for grants	
Programmatic Expenses	\$300,000		\$60,000 per year for operations
Loan Funds	\$500,000		\$720,500 loan + programmatic
Grant Funds	\$400,000		\$479,500 grant + programmatic
Total	\$1,200,000		
			\$220,500 73.5% of expenses to Loan Activity
			\$79,500 26.5% of expenses to Grant Activity
			\$300,000